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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES - Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

2009 OCT 20 A 9:15

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

OCT 20 2009

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF
DS WATER COMPANY FOR APPROVAL OF A
RATE INCREASE.

DOCKET NO. W-04049A-08-0339

PROCEDURAL ORDER

BY THE COMMISSION:

On July 3, 2008, DS Water Company ("DSWC") filed with the Arizona Corporation Commission ("Commission") an application for a rate increase, requesting an increase in revenues of \$7,914.14, or approximately 18 percent, over unaudited annual operating revenues for the 2007 test year of \$43,967.46. DSWC stated that it has always operated at a loss and showed a loss for the test year. DSWC stated that it had mailed notice to each of its customers contemporaneously with filing its application.

On July 10, 2008, comments were filed by a customer opposing the rate increase as excessively high.

Between August 1, 2008, and January 28, 2009, the Commission's Utilities Division Staff ("Staff") issued three Letters of Deficiency, and DSWC filed three sets of deficiency corrections, all of which included revised application pages.

On February 27, 2009, Staff issued a Letter of Sufficiency, classifying DSWC as a Class D utility.

On April 27, 2009, Staff filed a Motion to Suspend Time Clock, requesting that the deadline to file the Staff Report be extended by 90 days because there had been multiple delays in receiving information from DSWC, and DSWC did not object to the extension.

On April 29, 2009, a Procedural Order was issued extending by 90 days both the deadline to file the Staff Report and the overall time frame in this case.

1 On August 7, 2009, Staff filed its Staff Report, recommending that DSWC's application be
2 approved using Staff's recommended rates and charges. Staff's recommended rates and charges
3 would increase revenue by \$26,060, or 57.80 percent, over adjusted test year revenues of \$45,090,
4 and would increase the average customer bill by \$11.78, or 30.37 percent, from \$38.79 to \$50.57. In
5 contrast, DSWC's proposed rates would increase the average customer bill by \$6.95, or 17.92
6 percent, from \$38.79 to \$45.74. Because Staff's recommended rates would result in a significantly
7 greater increase to revenues and customer bills than would DSWC's proposed rates, Staff stated in
8 the Staff Report that it was requesting DSWC to re-notify its customers of the rate increase and
9 specifically of Staff's recommendations. DSWC did not file a response to the Staff Report and did
10 not file any proof of having re-notified its customers.

11 On September 28, 2009, a Procedural Order was issued requiring DSWC to provide notice to
12 its customers and to file proof of having provided such notice, which was required to include Staff's
13 Rate Design and Typical Bill Analysis Schedules. DSWC was also required to file an explanation
14 regarding discrepancies between DSWC's current tariff and Decision No. 65977 (June 17, 2003) as
15 to the monthly minimum charges for 3" meters, 4" meters, and 6" meters and the service line and
16 meter charge for 6" meters. In addition, the Commission's deadline to issue a decision in this matter
17 was extended by 30 days.

18 On October 19, 2009, DSWC filed a document stating that it had mailed the required notice to
19 all of its customers on or before October 8, 2009. DSWC included a copy of the notice, which
20 complied with the Procedural Order and included the required schedules from the Staff Report. In
21 addition, DSWC filed a document explaining that the 3", 4", and 6" meter monthly minimum charges
22 shown in its application had been changed in response to a deficiency letter from Staff and per Staff's
23 direction, although the charges do not match DSWC's records or Decision No. 65977. DSWC also
24 stated that it has not had any 3", 4", or 6" meter connections.

25 Also on October 19, 2009, Wayne Hansen, owner of I-15-Storage and a customer of DSWC,
26 filed a document with the subject line "Motion to intervene." Mr. Hansen stated therein that he
27 believes DSWC's requested rate increase should be adequate and appeared to express concern
28 regarding the impact of higher rates on his business during the current economic times. Mr. Hansen

1 did not state whether he desires a formal evidentiary hearing to be held and indicated only through a
2 courtesy copy line that a copy of his document had been sent to DSWC.

3 Because it is unclear whether Mr. Hansen desires to participate in this matter as an intervenor
4 or only to provide public comment, and it is unclear whether Mr. Hansen desires for a formal
5 evidentiary hearing to be held, it is appropriate to require Mr. Hansen to file a document clarifying
6 his position on these two points. In addition, it is appropriate to require DSWC and Staff to file
7 responses to Mr. Hansen's filing required herein.

8 It is also appropriate to require Staff to respond to DSWC's explanation regarding the
9 discrepancies between the 3", 4", and 6" meter monthly minimum charges shown in DSWC's rate
10 application and those approved in Decision No. 65977 and to address the discrepancies between those
11 charges as contained in DSWC's current tariff and as approved in Decision No. 65977.

12 Finally, it is appropriate to extend the Commission's deadline for issuing a decision in this
13 matter by 30 days to accommodate the additional filings required herein.

14 IT IS THEREFORE ORDERED that **Mr. Hansen shall, by October 30, 2009**, file with the
15 Commission's Docket Control a document clarifying whether he desires to participate in this matter
16 as an intervenor or desires only to provide public comment; whether he desires for a formal
17 evidentiary hearing to be held in this matter; and, if he desires for a formal evidentiary hearing to be
18 held, the reasons for holding such a hearing.

19 IT IS FURTHER ORDERED that **DSWC and Staff shall, by November 13, 2009**, file
20 responses to Mr. Hansen's filing required herein.

21 IT IS FURTHER ORDERED that **Staff shall include with its filing a response** to DSWC's
22 explanation regarding the discrepancies between the 3", 4", and 6" meter monthly minimum charges
23 shown in DSWC's rate application and those approved in Decision No. 65977. In its response, Staff
24 shall address why it required DSWC to make the changes in its rate application and why DSWC's
25 current tariffed charges for these meter sizes and current tariffed service line and meter charge for 6"
26 meters do not conform to Decision No. 65977.

27 IT IS FURTHER ORDERED that **the Commission's deadline to issue a decision in this**
28 **matter is hereby extended by 30 days.**

1 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
2 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to the practice of law and admission
3 *pro hac vice*.

4 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
5 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

6 DATED this 20th day of October 2009.

7
8
9 
10 SARAH N. HARPRING
ADMINISTRATIVE LAW JUDGE

11 Copies of the foregoing mailed/delivered
12 this 20th day of October 2009, to:

13 Rick Holm, President
14 Post Office Box 786
15 Desert Springs, Arizona 86432

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26 By: 
27 Debra Broyles
28 Secretary to Sarah N. Harpring